

EXHIBIT 11

**FINANCIAL OVERSIGHT AND MANAGEMENT BOARD
FOR PUERTO RICO**



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Executive Director

BY ELECTRONIC MAIL

June 23, 2020

The Honorable Wanda Vázquez Garced
Governor of Puerto Rico

The Honorable Thomas Rivera Schatz
President of the Senate of Puerto Rico

The Honorable Carlos J. Méndez Núñez
Speaker of the House of Representatives of Puerto Rico

Dear Governor Vázquez Garced, President Rivera Schatz, Speaker Méndez Núñez:

The Oversight Board has become aware of Senate Bill 1616 (“SB 1616”), which proposes to create incentives for public employees to retire before reaching their retirement age, and imposes restrictions on the ability of agencies to replace public employees who accept early retirement, with certain exceptions purportedly structured to maintain the ability of the Commonwealth of Puerto Rico Government (the “Government”) to perform essential services.

As proposed, it appears that SB 1616 would be significantly inconsistent with the 2020 Fiscal Plan, and it should not be enacted until the information requested in this letter is provided to the Oversight Board.

The Oversight Board recognizes that SB 1616 intends to improve retiree benefits to certain currently active employees while simultaneously paying for the increased benefits by freezing/eliminating certain of the positions held by early retirees. However, the affordability of the proposed benefit improvements is dependent on the elimination of a certain number of these positions. Thus, failure to achieve the required down-sizing could potentially cause significant increases in long-term costs to the Government. Moreover, provisions in SB 1616 that allow agencies to rehire for “essential” positions or allow participants to participate on a deferred basis would potentially allow agencies to provide improved retirement benefits without generating associated payroll savings, resulting in cost increases. We note the Commonwealth has offered public employees over 20 early retirement windows since 1994, which have hampered the

Honorable Wanda Vázquez Garced
Honorable Thomas Rivera Schatz
Honorable Carlos J. Méndez Núñez
June 23, 2020
Page 2 of 2

government's ability to execute and many of these programs failed to realize significant savings. Downsizing is based on efficiencies in back-office work (administration and support personnel), not front office. Another example of programs such as the proposed in SB 1616 is Senate Bill 1623, which proposes a retirement program to the members of the Rank System of the Puerto Rico Police.

Further, the Fiscal Plan already includes an expectation that various agency headcounts/payroll will reduce over the next few years due to Fiscal Plan rightsizing measures. The Oversight Board requires that achieving agency reductions through improved benefits would at least meet the rightsizing requirements without reducing the ability of the agencies to provide essential services and also pay for the cost of any additional benefits. This determination must be made on a long-term basis, taking into consideration the fact that early retirees under the proposed program could receive the enhanced pension benefits for decades after retirement.

Given that SB 1616 appears to be significantly inconsistent with the fiscal plan, the Oversight Board requires a complete analysis of the outcomes SB 1616 is intended to achieve and the likelihood they will be achieved, as part of the Board's evaluation under Section 204(a)(4)(B) of PROMESA. In addition, the Oversight Board requests additional information, pursuant to Section 104(c) of PROMESA, including all actuarial reports and any documentation evaluated that provide support for the savings and number of affected employees described in this bill, including analysis regarding the impact on individual agencies. The Oversight Board is requesting that this information be provided as soon as possible to allow for timely review of the proposed bill.

Finally, and independently of PROMESA Section 204, we remind you that enacting or implementing SB 1616 would violate PROMESA Section 108(a)(2) because it impairs or defeats purposes of PROMESA such as the Board's exclusive right to determine treatment of pension claims in a plan of adjustment. Indeed, the law would be contrary to the currently proposed plan of adjustment.

We look forward to continuing to work together for the benefit of the people of Puerto Rico.

Sincerely,



Natalie A. Jaresko

CC: Mr. Omar Marrero Díaz